

**ANNUAL
FINANCIAL REPORT
OF THE
CITY OF WEBSTER CITY, IOWA
FOR THE FISCAL YEAR ENDED
JUNE 30, 2008**

**CITY OF WEBSTER CITY, IOWA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008
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INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Members of the City Council
City of Webster City, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component units, and the aggregate remaining fund information of the City of Webster City, Iowa, (the City) as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2009 on our consideration of the City of Webster City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information are not required

parts of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining non-major fund financial statements and the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


Certified Public Accountants

Le Mars, Iowa
February 6, 2009

CITY OF WEBSTER CITY
Management Discussion and Analysis
For the year ending June 30, 2008

As management of the City of Webster City, we offer readers of the City of Webster City's financial statements this narrative overview and analysis of the financial activities of the City of Webster City for the fiscal year ending June 30, 2008. This section should be read in conjunction with the financial statements and the accompanying notes that follow. It should also be noted that the information contained here will provide information on both the governmental operations and the business type activities of the City.

Financial Highlights

- Asphalt resurfacing and street repairs continue throughout the City due to the local option sales tax money that was designated for infrastructure projects.
- Water system improvements continue on the city's water mains in an effort to provide quality water service.
- The City was able to provide a balanced budget with a 2% reduction in the tax levy.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Webster City's basic financial statements. The City of Webster City's basic financial statements comprises of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Webster City's finances, in a manner similar to a private sector business.

The statement of net assets presents information on all of the City of Webster City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as useful indicators of whether the financial position of the City of Webster City is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving the rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only

result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Webster City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Webster City include public safety, public works, health and social services, culture and recreation, community and economic development and general government. The business-type activities of the City of Webster City include the operation electric, water, and sewer utilities.

The government-wide financial statements include not only the City of Webster City itself (known as the primary government), but also a legally separate airport for which the City of Webster City is financially accountable and a trust known as the Fred Fuller Trust that was created for the sole benefit of the City. Financial information for these component units are reported separately from the financial information presented for the primary government itself. The Electric, Water, and Sewer utilities function as departments of the City of Webster City, and therefore have been included as an integral part of the primary government.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Webster City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds for the City of Webster City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for the governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Webster City maintains 38 individual governmental funds. Information presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, child care center, and second street reconstruction fund, of which all are considered to be major funds. Data from the

other 35 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Webster City adopts an annual budget for all funds except agency and internal service funds. A budgetary comparison schedule has been provided to demonstrate compliance with this budget.

Proprietary Funds: The City of Webster City maintains different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Webster City uses enterprise funds to account for its Electric, Water, and Sewer utilities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Webster City's various functions. The City of Webster City uses internal service funds to account for self-insured dental/vision insurance. The internal service fund will be found in the governmental activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water and sewer utilities, all of which are considered major funds of the City of Webster City. Conversely, the internal service fund is presented in the proprietary fund financial statements.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Webster City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

The largest portion of the City of Webster City's net assets (69.9%) reflects its investment in capital assets (e.g. Land, Construction in progress, Land improvements, Structures and Improvements, Machinery and equipment, and Infrastructure) less any related debt used to acquire those assets that is still outstanding. The City of Webster City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Webster City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Webster City's Net Assets

	Governmental Activities		Business-type Activities		Total		Component Units	
	06/30/2007	06/30/2008	06/30/2007	06/30/2008	06/30/2007	06/30/2008	06/30/2007	06/30/2008
Current and other assets	\$8,085,544	\$8,889,694	\$12,506,566	\$13,314,114	\$20,592,110	\$7,796,192	\$2,914,216	\$2,773,791
Capital Assets, net depreciation	23,579,718	24,980,578	21,244,016	21,233,315	44,823,734	46,213,893	35,700	34,860
Total Assets	31,665,262	33,870,272	33,750,582	34,547,429	65,415,844	68,417,701	2,949,916	2,808,651
Current and other liabilities	4,084,704	4,390,735	1,405,989	1,767,250	5,490,693	6,157,985	16,703	8,417
Non-current Liabilities	6,837,618	6,311,081	5,108,397	4,684,894	11,946,015	10,995,975	-	-
Total Liabilities	10,922,322	10,701,816	6,514,386	6,452,144	17,436,708	17,153,960	16,703	8,417
Net Assets:								
Invested in capital assets, net of related debt	18,223,243	19,016,387	16,347,847	16,794,810	34,571,090	35,811,197	-	34,860
Restricted	2,291,788	2,702,357	593,997	437,693	2,885,785	3,140,050	2,923,005	2,724,980
Unrestricted	227,909	1,449,712	10,294,352	10,862,782	10,522,261	12,312,494	10,208	40,394
Total net assets	\$20,742,940	\$23,168,456	\$27,236,196	\$28,095,285	\$47,979,136	\$51,263,741	\$2,933,213	\$2,800,234

An additional portion of the City of Webster City's net assets (11.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balances of unrestricted net assets (\$12,312,494) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Webster City is able to report positive balances in all three categories of net assets, for the government as a whole, as well as for its separate governmental activities and business-type activities. There was an increase of \$707,996 in restricted net assets reported in connection with the City of Webster City's business-type activities.

The government's net assets increased by \$2,897,421 during the fiscal year. Net assets in the governmental activities increased by \$2,189,425. The key element in the governmental activity increase is a result of the conservative budgeting and the close monitoring of the expenditures to ensure that the city maintain a strong financial position.

Governmental Activities. Governmental activities increased the City of Webster City's net assets by \$2,189,425, thereby accounting for 75.6% of the total addition in the net assets of the City of Webster City. Key elements of this increase were as follows:

City of Webster City's Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	06/30/2007	06/30/2008	06/30/2007	06/30/2008	06/30/2007	06/30/2008
Revenues:						
Program revenues:						
Charges for Service	\$419,496	\$975,015	\$14,957,832	\$15,704,423	\$15,377,328	\$16,679,438
Operating Grants & Contributions	808,585	790,375	-	-	808,585	790,375
Capital Grants & Contributions	182,779	921,112	-	-	182,779	921,112
General Revenues						
Property Taxes	3,682,050	3,776,250	-	-	3,682,050	3,776,250
Other Taxes	873,531	650,898	-	-	873,531	650,898
Other	740,287	260,512	572,647	454,927	1,312,934	715,439
Total Revenues	6,706,728	7,374,162	15,530,479	16,159,350	22,237,207	23,533,512
Expenses:						
Public Safety	1,702,724	1,810,121	-	-	1,702,724	1,810,121
Public Works	1,922,964	1,709,019	-	-	1,922,964	1,709,019
Health & Social Services	54,111	32,012	-	-	54,111	32,012
Culture & Recreation	1,058,776	1,254,414	-	-	1,058,776	1,254,414
Community & Economic Development	577,544	499,165	-	-	577,544	499,165
General Government	516,481	240,976	-	-	516,481	240,976
Interest & Fiscal Charges	350,831	306,352	-	-	350,831	306,352
Water Utility	-	-	1,262,666	1,392,342	1,262,666	1,392,342
Sewer Utility	-	-	1,270,017	1,324,230	1,270,017	1,324,230
Electric Utility	-	-	12,686,799	12,067,460	12,686,799	12,067,460
Total Expenses	6,183,431	5,852,059	15,219,482	14,784,032	21,402,913	20,636,091
Increase in net assets before transfers	523,297	1,522,103	310,997	1,375,318	834,294	2,897,421
Transfers	258,592	667,322	(258,592)	(667,322)	-	-
Increase in net assets	781,889	2,189,425	52,405	707,996	834,294	2,897,421
Net Assets - Beginning (as restated)	19,961,051	20,979,031	27,183,791	27,387,289	47,144,842	48,366,320
Net Assets Ending	\$20,742,940	\$23,168,456	\$27,236,196	\$28,095,285	\$47,979,136	\$51,263,741

- Capital outlay reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements. Some examples of these items are as follows:
 - Purchase of equipment such as the police car and the end loader for the street department that were purchased this year.
 - Construction of the City Hall Plaza
 - The completed construction of the recreational trail.

The main sources of revenue for the governmental activities are from property taxes, other taxes (including local options sales tax), and grants and contributions. The City of Webster City received \$3,776,250 in property tax receipts, \$650,898 in other taxes, and \$1,711,487 in capital and operating grants and contributions.

Business-type Activities. The net assets of the business-type activities of the City of Webster City increased by \$707,996. Key elements of this increase are as follows:

- Charges for services increased approximately \$745,000, expenses decreased by \$584,000 and transfers to other funds increased approximately \$400,000.

The goal of the City of Webster City is to have the revenues exceed the expenses in the Business-type activities. We reached that goal with all three utilities.

The electric utility is the main function of the City of Webster City Business-type Activities making up 79.85% of the total receipts. Electric rates were changed effective January 2008 as part of a three-year plan that was implemented after the last electric rate study. Since most sewer utility usage is based on a per unit water usage, with the exception of industrial sewer, the revenues for these two functions should remain close. Rates are monitored in each of these utilities on an on-going basis to insure their financial stability.

Financial Analysis of the Government's Funds

As noted earlier, the City of Webster City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Webster City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Webster City's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Webster City's governmental funds reported combined ending fund balances of \$3,219,600; with the prior year being \$2,811,664, the increase for this year was \$407,936. \$588,131 of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to 1) pay debt service, 2) for trust related activities including perpetual care of the municipal cemetery, or 3) for a variety of other restricted purposes.

Revenues from the City's governmental funds totaled \$7,481,574 with taxes accounting for \$4,427,148 of that amount. Intergovernmental activities, including state and federal grants, represented another \$1,711,941 of the total governmental revenues.

Total expenditures for the governmental funds were \$7,750,960. The six main activities that make up these expenditures are public works (\$1,385,030), public safety (\$1,763,715), culture and recreation (\$1,067,729), community and economic development (\$498,485), capital projects (\$1,931,108) and debt service (\$873,817).

The general fund is the chief operating fund of the City of Webster City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,466,868, while the total fund balance reached \$1,468,033. As a measure of the general fund's liquidity, it may be useful to compare both the unreserved fund balance and the total fund balance to the total fund expenditures. Unreserved fund balance represents 44.92% of the total general fund expenditures, while the total fund balance represents 44.95% of that same number.

The fund balance of the City of Webster City's general fund increased by \$147,023 during the current fiscal year.

The Child Care Center fund had a fund deficit of (\$624,017). The net increase in the fund balance during the current fiscal year was \$35,000 which was mostly due to the receipt of the annual payment from last year and the current year.

The Second Street Reconstruction fund continued to have a deficit fund balance at the end of the fiscal year of \$1,424,096, the increase in the fund was \$147,999, which lowered the amount of deficit from (\$1,572,095) to (\$1,424,096). This deficit is due to the advance from the electric utility for the reconstruction of Second Street. Future tax increment receipts will pay the advance.

Proprietary Funds. The City of Webster City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net assets of the electric utility amounted to \$15,706,545, the water utility amounted to \$7,676,456, and the sewer utility amounted to \$4,712,284. The total change in net assets for all three funds was \$242,126, \$384,102, and \$81,768 respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of Webster City's business-type activities.

Governmental and Proprietary Funds Budgetary Highlights

The City adopted one budget amendment during the year decreasing expenditures by \$54,593.

Capital Asset and Debt Administration

Capital Assets. The City of Webster City's investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounts to \$46,213,893 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, machinery and equipment, infrastructure. The total increase in the City of Webster City's investment in capital assets for the current fiscal year was 3.1%.

Major capital assets events during the current fiscal year included the following:

- Water main and street improvements were completed from the previous fiscal year.
- The recreational trail connecting the city trail with the county trail engineering was started with the plan to continue and completion of the project in the next fiscal year.
- Work continued on the sidewalk improvement project with plans to proceed to additional areas of town and continue the project in the future years.

City of Webster City's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	06/30/2007	06/30/2008	06/30/2007	06/30/2008	06/30/2007	06/30/2008
Land	\$4,563,364	\$4,563,364	\$786,184	\$786,184	\$5,349,548	\$5,349,548
Structures and Improvements	4,435,611	4,326,358	981,362	767,130	5,416,973	5,093,488
Improvements other than Structures	12,866,126	13,236,195	18,834,358	18,280,244	31,700,484	31,516,439
Machinery & Equipment	1,380,221	1,488,813	561,316	700,949	1,941,537	2,189,762
Construction Work in Progress	334,396	1,365,848	80,796	698,808	415,192	2,064,656
Total	\$23,579,718	\$24,980,578	\$21,244,016	\$21,233,315	\$44,823,734	\$46,213,893

Long-term debt. At the end of the current fiscal year, the City of Webster City had total bonded debt outstanding of \$10,551,922, not including Tax Increment Financing. Of this amount, \$4,245,000 comprises debt backed by the full faith and credit of the government, also not including Tax Increment Financing. The remainder of the City of Webster City's debt represents bonds secured solely by specified revenue source (i.e. revenue bonds).

Total outstanding debt includes an estimated liability for compensated absences. The total estimate for compensated absences is \$444,053 with \$264,670 being for governmental activities and \$179,383 being for business-type activities.

General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	06/30/2007	06/30/2008	06/30/2007	06/30/2008	06/30/2007	06/30/2008
General Obligation Bonds	\$ 4,385,000	\$ 3,830,000	\$ 465,000	\$ 415,000	\$ 4,850,000	\$ 4,245,000
Revenue Bonds	2,239,380	2,216,411	4,508,166	4,090,511	6,747,546	6,306,922
Total	\$ 6,624,380	\$ 6,046,411	\$ 4,973,166	\$ 4,505,511	\$ 11,597,546	\$ 10,551,922

The City of Webster City's total long-term liabilities decreased by \$948,994 (including notes payable and compensated absences) during the fiscal year. The key factor in this decrease was payment of bonds without issuing any new debt.

State statutes limit the amount of general obligation debt, including tax increment financing. A government entity may issue to 5% of its total assessed valuation. The current debt limit for the City of Webster City is \$1,718,139. With the General Obligation Debt being \$4,245,000 and the Tax Increment Debt being \$3,466,446, the City of Webster City is at 44.87% of the debt limit.

Economic Factors and Next Year's Budgets and Rates

- The rollback will increase for residential, commercial, and agricultural property. Residential rollback will go from 44.0803 % of the assessed value to 45.5893% , commercial will go from 99.7312% to 100%, and agricultural property will go from 90.1023% to 93.8568%. Depending on valuations and the levy asking this could impact the tax dollars received.
- City contribution rates for Municipal Police and Fire Retirement System of Iowa will decrease from 18.75% to 17.00% in the next fiscal year.
- City contribution rates for Iowa Public Employees Retirement System of Iowa will increase from 6.35% to 6.65% in the regular class and from 8.45% to 9.20% in the protection class in the next fiscal year.
- Electric, water, and sewer rates will continue to be reviewed during the next fiscal year with adjustments to be made as needed.
- The local option sales tax money will be used by the city for infrastructure improvements.
- Webster City has a strong industrial base. As a result, the current economic situation may provide financial challenges for our community as our manufacturing plants may be impacted. On the positive side, our downtown continues to be revitalized with retail growth. Several new buildings, several building upgrades and improvements, and a variety of retail businesses have filled the downtown area.
- The water and wastewater plants are aging and are in need of some improvements. We are currently developing a long-term plan for maintaining our infrastructure and the appropriate funding for these projects.
- A new hotel/motel tax was passed this year that will help provide funding for special projects within the City.

These factors, if known, were considered in doing the City of Webster City 2009/2010 Budget. If they were not known, then they will be considered with the City of Webster City 2009/2010 Amended Budget.

Request for Information

This financial report is designed to provide a general overview of the City of Webster City's finances for all those with an interest in the government's finances. For questions concerning any of the information provided in this report or requests for additional financial information, please feel free to contact the City of Webster City, Finance Director, 400 Second Street, PO Box 217, Webster City, IA 50595.

CITY OF WEBSTER CITY, IOWA
STATEMENT OF NET ASSETS
June 30, 2008

	Primary Government			Component Units	
	Governmental	Business-Type	Total	Webster City	Fuller
	Activities	Activities		Airport Commission	Trust
ASSETS					
Cash and Cash Equivalents	\$ 1,521,470	\$ 102,821	\$ 1,624,291	\$ 21,989	\$ 2,724,780
Investments	3,822,000	8,547,000	12,369,000	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	57,344	1,244,087	1,301,431	1,000	200
Taxes	38,758	-	38,758	-	-
Subsequent Year Taxes	3,822,054	-	3,822,054	-	-
Accrued Interest	26,841	43,540	70,181	-	-
Notes Receivable	821,981	-	821,981	-	-
Internal Balances	(1,913,453)	1,913,453	-	-	-
Due from Other Governmental Agencies	499,993	-	499,993	25,822	-
Inventories	-	859,573	859,573	-	-
Prepaid Assets	121,484	83,634	205,118	-	-
Land Held for Resale	221,699	-	221,699	-	-
Restricted Assets:					
Investments	-	453,000	453,000	-	-
Bond Issue Costs	82,220	67,006	149,226	-	-
Land	4,563,364	786,184	5,349,548	-	-
Construction in Progress	1,365,848	698,808	2,064,656	-	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	19,051,366	19,748,323	38,799,689	-	34,860
Total Assets	34,102,769	34,547,429	68,650,198	48,811	2,759,840
LIABILITIES					
Accounts Payable	714,467	1,556,982	2,271,449	8,417	-
Accrued Wages	60,131	39,168	99,299	-	-
Other Accrued Expenses	12,254	6,941	19,195	-	-
Customer Deposits	-	148,852	148,852	-	-
Claims Incurred But Not Reported	1,783	-	1,783	-	-
Deferred Revenue - Subsequent Year Taxes	3,822,054	-	3,822,054	-	-
Accrued Interest Payable	12,543	-	12,543	-	-
Payables from Restricted Assets:					
Accrued Revenue Bond Interest	-	15,307	15,307	-	-
Revenue Bonds - Current	-	440,000	440,000	-	-
Noncurrent Liabilities:					
Due within one year:					
General Obligation Bonds	570,000	50,000	620,000	-	-
Compensated Absences and Benefits	132,186	92,679	224,865	-	-
Due in more than one year:					
Revenue Bonds Payable	2,216,411	3,682,000	5,898,411	-	-
Unamortized Loss on Refunding	-	(31,489)	(31,489)	-	-
General Obligation Bonds	3,260,000	365,000	3,625,000	-	-
Compensated Absences and Benefits	132,484	86,704	219,188	-	-
Total Liabilities	10,934,313	6,452,144	17,386,457	8,417	-
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	19,016,387	16,794,810	35,811,197	-	34,860
Restricted for:					
Debt Service	181,293	437,693	618,986	-	-
Specific Revenues	2,127,934	-	2,127,934	-	-
Endowments:					
Expendable	-	-	-	-	2,724,980
Nonexpendable	393,130	-	393,130	-	-
Unrestricted	1,449,712	10,862,782	12,312,494	40,394	-
Total Net Assets	\$ 23,168,456	\$ 28,095,285	\$ 51,263,741	\$ 40,394	\$ 2,759,840

CITY OF WEBSTER CITY, IOWA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	\$ 1,810,121	\$ 38,740	\$ -	\$ -
Public Works	1,709,019	362,025	700,609	-
Health and Social Services	32,012	-	-	-
Culture and Recreation	1,254,414	393,595	73,145	921,112
Community and Economic Development	499,165	33,268	-	-
General Government	240,976	-	16,621	-
Debt Service	306,352	147,387	-	-
Total governmental activities	5,852,059	975,015	790,375	921,112
Business-Type Activities:				
Water System	1,392,342	1,759,544	-	-
Sewer System	1,324,230	1,405,091	-	-
Solid Waste System	12,067,460	12,539,788	-	-
Total Business-Type Activities:	14,784,032	15,704,423	-	-
Total Primary Government	\$ 20,636,091	\$ 16,679,438	\$ 790,375	\$ 921,112
Component Unit:				
Webster City Airport Commission	\$ 209,725	\$ 28,905	\$ 92,290	\$ 118,400
Fuller Trust	\$ 678,465	\$ 515,300	-	-

General Revenues:
Property Taxes
Local Option Sales Tax
Interest
Contributions to Permanent Fund
Miscellaneous
Interfund Transfers
Total general revenues and transfers
Change in net assets
Net assets - beginning
Prior Period Adjustment
Net Assets - beginning, as restated
Net assets - ending

Net (Expense) Revenue and Changes in Net Assets				
Governmental Activities	Business-Type Activities	Total	Component Unit	
			Webster City Airport Commission	Fuller Trust
\$ (1,771,381)		\$ (1,771,381)		
(646,385)		(646,385)		
(32,012)		(32,012)		
133,438		133,438		
(465,897)		(465,897)		
(224,355)		(224,355)		
(158,965)		(158,965)		
<u>(3,165,557)</u>		<u>(3,165,557)</u>		
	\$ 367,202	367,202		
	80,861	80,861		
	<u>472,328</u>	<u>472,328</u>		
	<u>920,391</u>	<u>920,391</u>		
<u>(3,165,557)</u>	<u>920,391</u>	<u>(2,245,166)</u>		
			\$ 29,870	\$ (163,165)
3,776,250	-	3,776,250	-	-
650,898	-	650,898	-	-
234,828	444,431	679,259	316	-
6,253	-	6,253	-	-
19,431	10,496	29,927	-	-
667,322	(667,322)	-	-	-
<u>5,354,982</u>	<u>(212,395)</u>	<u>5,142,587</u>	<u>316</u>	<u>-</u>
2,189,425	707,996	2,897,421	30,186	(163,165)
20,671,884	27,307,250	47,979,134	10,208	2,923,005
307,147	80,039	387,186		
<u>20,979,031</u>	<u>27,387,289</u>	<u>48,366,320</u>	<u>10,208</u>	<u>2,923,005</u>
<u>\$ 23,168,456</u>	<u>\$ 28,095,285</u>	<u>\$ 51,263,741</u>	<u>\$ 40,394</u>	<u>\$ 2,759,840</u>

See Accompanying Notes to Financial Statements

CITY OF WEBSTER CITY, IOWA
BALANCE SHEET
Governmental Funds
June 30, 2008

	General	Child Care Center	Second Street Reconstruction
Assets			
Cash and Cash Equivalents	\$ 20,915	\$ -	\$ -
Investments	1,625,000	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	57,344	-	-
Taxes	20,712	-	-
Subsequent Year Taxes	1,685,298	-	-
Accrued Interest	18,330	2,237	-
Notes Receivable	-	624,017	-
Due from Other Funds	-	-	-
Due from Other Governmental Agencies	-	-	-
Prepaid Assets	1,165	-	-
Total Assets	3,428,764	626,254	-
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	161,507	-	-
Accrued Wages	54,177	-	-
Other Accrued Expenses	9,861	2,237	-
Due to Other Funds	18,533	624,017	1,424,096
Deferred Revenue - Subsequent Year Taxes	1,685,298	-	-
Deferred Revenue	31,355	624,017	-
Total Liabilities	1,960,731	1,250,271	1,424,096
Fund Balances:			
Reserved for:			
Debt Service	-	-	-
Perpetual Care	-	-	-
Prepaid Items	1,165	-	-
Unreserved:			
General Fund	1,466,868	-	-
Special Revenue Funds	-	(624,017)	-
Capital Project Funds	-	-	(1,424,096)
Total Fund Balances	1,468,033	(624,017)	(1,424,096)
Total Liabilities and Equity	\$ 3,428,764	\$ 626,254	\$ -

See Accompanying Notes to Financial Statements

Other Governmental Funds		Total Governmental Funds	
\$	1,483,424	\$	1,504,339
	2,197,000		3,822,000
	-		57,344
	18,046		38,758
	2,136,756		3,822,054
	6,074		26,641
	197,964		821,981
	647,113		647,113
	499,993		499,993
	-		1,165
	7,186,370		11,241,388
	551,940		713,447
	5,954		60,131
	156		12,254
	493,920		2,560,566
	2,136,756		3,822,054
	197,964		853,336
	3,386,690		8,021,788
	193,836		193,836
	393,130		393,130
	-		1,165
	-		1,466,868
	1,672,134		1,048,117
	1,540,580		116,484
	3,799,680		3,219,600
\$	7,186,370	\$	11,241,388

See Accompanying Notes to Financial Statements

CITY OF WEBSTER CITY, IOWA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2008

Amounts reported for Governmental Activities in the Statement of Net assets are different because:

Total Fund Balance - Governmental Funds (page 16)		\$ 3,219,600
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds.		25,202,277
Internal service funds are used by management to fund and maintain the City's medical/flex costs provided to user departments and are included in the statement of net assets.		35,343
Assets such as notes receivables and property taxes are not available to pay for current period expenditures and therefore are deferred in the funds.		853,336
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		99,304
Accrued interest expense from the balance sheet that require current financial resources from governmental activities.		(12,543)
Bond issue costs are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources		82,220
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(3,830,000)	
Revenue Bonds	(2,216,411)	
Compensated Absences	(264,670)	
		(6,311,081)
Total Net Assets - Governmental Activities (page 12)		<u>\$ 23,168,456</u>

CITY OF WEBSTER CITY, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2008

	General	Child Care Center	Second Street Reconstruction
Revenue:			
Taxes	\$ 1,703,362	\$ -	\$ -
Special Assessments	-	-	-
Licenses and Permits	145,286	-	-
Intergovernmental Revenue	27,872	-	-
Charges for Services	389,774	-	-
Fines and Forfeits	8,291	-	-
Contributions	19,766	-	-
Refunds/Reimbursements	42,829	-	-
Revenue from Use of Property	153,650	-	-
Interest on Investments	172,126	28,612	-
Miscellaneous	11,775	35,000	-
Total Revenue	2,674,731	63,612	-
Expenditures:			
Public Safety	1,312,581	-	-
Public Works	670,722	-	-
Health and Social Services	30,400	1,612	-
Culture and Recreation	918,913	-	-
Community and Economic Development	163,522	-	-
General Government	169,888	-	-
Capital Projects	-	-	-
Debt Service	-	-	-
Total Expenditures	3,266,026	1,612	-
Excess (deficiency) of revenues over expenditures	(591,295)	62,000	-
Other financing sources (uses):			
Proceeds from Sale of Capital Assets	-	-	-
Transfers In	768,318	-	147,999
Transfers Out	(30,000)	(27,000)	-
Total other financing sources (uses)	738,318	(27,000)	147,999
Net Change in Fund Balance	147,023	35,000	147,999
Fund balances - beginning of year	1,321,010	(659,017)	(1,572,095)
Prior Period Adjustment	-	-	-
Fund balances - beginning of year (as restated)	1,321,010	(659,017)	(1,572,095)
Fund balances - end of year	\$ 1,468,033	\$ (624,017)	\$ (1,424,096)

See Accompanying Notes to Financial Statements

Other Governmental Funds		Total Governmental Funds	
\$	2,723,786	\$	4,427,148
	1,356		1,356
	-		145,286
	1,684,069		1,711,941
	-		389,774
	-		8,291
	70,000		89,766
	161,018		203,847
	-		153,650
	50,469		251,207
	52,533		99,308
	4,743,231		7,481,574
	451,134		1,763,715
	714,308		1,385,030
	-		32,012
	148,816		1,067,729
	333,830		497,352
	30,309		200,197
	1,931,108		1,931,108
	873,817		873,817
	4,483,322		7,750,960
	259,909		(269,386)
	10,000		10,000
	907,977		1,824,294
	(1,099,972)		(1,156,972)
	(181,995)		677,322
	77,914		407,936
	3,546,809		2,636,707
	174,957		174,957
	3,721,766		2,811,664
\$	3,799,680	\$	3,219,600

See Accompanying Notes to Financial Statements

CITY OF WEBSTER CITY, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 19)	\$ 407,936
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Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 2,208,549	
Depreciation expense	<u>(818,612)</u>	1,389,937

Governmental funds report the proceeds from the sale of fixed assets as revenue whereas the statement of activities reports the gain on the sale of fixed assets. This is the effect on the change in net assets on the statement of activities.	(10,229)
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The effect of the change in prepaid insurance which is not reported in the governmental funds as it is not available to provide current financial resources.	13,422
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Governmental funds report economic development notes receivable as revenue when it becomes available, but the statement of activities includes these notes receivable as revenue when originally issued.	(117,412)
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Accrued interest expense reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.	1,671
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Governmental funds do not reflect the change in accrued compensated absences as it does not consume current financial resources. The Statement of Activities reflects the change in accrued compensated absences through expenditures.	(52,478)
--	----------

Internal service funds are used by management to fund and maintain the City's insurance policies provided to user departments and are included in the statement of net assets. The net revenue of the internal service funds is reported with governmental activities.	(10,262)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The amount by which payments exceeded proceeds in the current year is as follows:	
Repayments of long-term debt	579,015

The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities.	<u>(12,175)</u>
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Change in net assets of governmental activities (page 14)	<u><u>\$ 2,189,425</u></u>
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CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF NET ASSETS
Proprietary Funds
June 30, 2008

June 30, 2008

	Business Type Activities				Governmental Activities
	Water System	Sewer System	Electric System	Total	Internal Service
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ -	\$ 96,464	\$ 6,357	\$ 102,821	\$ 17,131
Investments	2,006,000	1,296,000	5,245,000	8,547,000	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	164,977	128,160	950,950	1,244,087	-
Accrued Interest	8,719	9,283	25,538	43,540	-
Due from Other Funds	-	-	2,096,121	2,096,121	-
Inventories	81,309	24,517	753,747	859,573	-
Prepaid Assets	24,035	11,924	47,675	83,634	21,015
Restricted Assets:					
Investments	219,500	233,500	-	453,000	-
Bond Issue Costs	10,728	56,278	-	67,006	-
Total Current Assets	2,515,268	1,856,126	9,125,388	13,496,782	38,146
Non Current Assets					
Land	348,785	64,871	372,528	786,184	-
Construction in Progress	78,717	-	620,091	698,808	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	5,657,225	6,971,684	7,119,414	19,748,323	-
Total Noncurrent Assets	6,084,727	7,036,555	8,112,033	21,233,315	-
Total Assets	8,599,995	8,892,681	17,237,421	34,730,097	38,146
LIABILITIES					
Current Liabilities					
Accounts Payable	174,888	114,950	1,267,144	1,556,982	1,020
Accrued Wages	9,870	9,054	20,244	39,168	-
Other Accrued Expenses	824	762	5,355	6,941	-
Customer Deposits	-	-	148,852	148,852	-
Due to Other Funds	182,668	-	-	182,668	-
Payables from Restricted Assets:					
Accrued Revenue Bond Interest	2,183	13,124	-	15,307	-
Revenue Bonds - Current	90,000	350,000	-	440,000	-
General Obligation Bonds	50,000	-	-	50,000	-
Total Current Liabilities	510,433	487,890	1,441,595	2,439,918	2,803
Noncurrent Liabilities:					
Due within one year:					
Compensated Absences and Benefits	24,707	20,456	47,516	92,679	-
Due in more than one year:					
Revenue Bonds Payable	-	3,682,000	-	3,682,000	-
Unamortized Loss on Refunding	-	(31,489)	-	(31,489)	-
General Obligation Bonds	365,000	-	-	365,000	-
Compensated Absences and Benefits	23,399	21,540	41,765	86,704	-
Total Noncurrent Liabilities	413,106	3,692,507	89,281	4,194,894	-
Total Liabilities	923,539	4,180,397	1,530,876	6,634,812	2,803
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	5,590,455	3,092,322	8,112,033	16,794,810	-
Restricted for:					
Debt Service	217,317	220,376	-	437,693	-
Unrestricted	1,868,684	1,399,586	7,594,512	10,862,782	35,343
Total Net Assets	\$ 7,676,456	\$ 4,712,284	\$ 15,706,545	\$ 28,095,285	\$ 35,343

CITY OF WEBSTER CITY, IOWA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS

Proprietary Funds

For the Year Ended June 30, 2008

	Business Type Activities	
	Water System	Sewer System
Operating Revenues:		
Charges for Services	\$ 1,759,016	\$ 1,405,091
Miscellaneous	528	-
Reimbursement from Employees/Insurance	-	-
Total Operating Revenue	<u>1,759,544</u>	<u>1,405,091</u>
Operating Expenses:		
General Government	-	-
Operating and Maintenance	1,101,982	884,797
Depreciation	252,279	276,305
Total Operating Expenses	<u>1,354,261</u>	<u>1,161,102</u>
Operating Income	405,283	243,989
Non-Operating Income (Expense):		
Interest Income	90,190	72,774
Gain (Loss) on Disposition of Property	(475)	15,932
Revenue from Use of Property	-	-
Interest Expense	(37,606)	(179,060)
Total Non-Operating Income (Expenses)	<u>52,109</u>	<u>(90,354)</u>
Income (Loss) before Contributions and Transfers	457,392	153,635
Other Financing Sources (Uses)		
Transfers In	-	-
Transfers In (Out)	(73,290)	(71,867)
Total Other Financing Sources (Uses)	<u>(73,290)</u>	<u>(71,867)</u>
Change in Net Assets	384,102	81,768
Net Assets - Beginning	7,269,064	4,619,002
Prior Period Adjustment	23,290	11,514
Net Assets - Beginning, as Restated	<u>7,292,354</u>	<u>4,630,516</u>
Net Assets - Ending	<u>\$ 7,676,456</u>	<u>\$ 4,712,284</u>

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental Activities	
Electric System	Total	Internal Service	
\$ 12,460,627	\$ 15,624,734	\$ -	
79,161	79,689	-	
-	-	40,356	
<u>12,539,788</u>	<u>15,704,423</u>	<u>40,356</u>	
-	-	50,618	
11,182,621	13,169,400	-	
724,291	1,252,875	-	
<u>11,906,912</u>	<u>14,422,275</u>	<u>50,618</u>	
632,876	1,282,148	(10,262)	
281,467	444,431	-	
(160,548)	(145,091)	-	
10,496	10,496	-	
-	(216,666)	-	
<u>131,415</u>	<u>93,170</u>	<u>-</u>	
764,291	1,375,318	(10,262)	
27,000	27,000	-	
(549,165)	(694,322)	-	
<u>(522,165)</u>	<u>(667,322)</u>	<u>-</u>	
242,126	707,996	(10,262)	
15,419,184	27,307,250	45,605	
45,235	80,039	-	
<u>15,464,419</u>	<u>27,387,289</u>	<u>45,605</u>	
<u>\$ 15,706,545</u>	<u>\$ 28,095,285</u>	<u>\$ 35,343</u>	

See Accompanying Notes to Financial Statements

CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended June 30, 2008

	Business Type Activities	
	Water System	Sewer System
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 1,708,343	\$ 1,391,103
Cash Paid to Suppliers for Goods and Services	(573,369)	(574,427)
Cash Paid to Employees for Services	(429,670)	(217,183)
Other Nonoperating Income	-	-
Net Cash Provided by Operating Activities	<u>705,304</u>	<u>599,493</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(546,291)	(24,330)
Proceeds from Sale of Capital Assets	-	16,000
Principal Paid on Notes and Bonds	(135,000)	(338,000)
Interest Paid on Notes and Bonds	(30,852)	(170,041)
Net Cash (Used) for Capital and Related Financing Activities	<u>(712,143)</u>	<u>(516,371)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers to Other Funds	(73,290)	(71,867)
Transfers from Other Funds	-	-
Advances From (To) Other Funds	-	-
Due From (To) Other Funds	182,668	-
Net Cash (Used) for Non-Capital Financing Activities	<u>109,378</u>	<u>(71,867)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investment Securities	(2,225,500)	(1,529,500)
Interest and Dividends on Investments	94,941	74,546
Net Cash Provided for Investing Activities	<u>(2,130,559)</u>	<u>(1,454,954)</u>
Net Increase in Cash and Cash Equivalents	(2,028,020)	(1,443,699)
Cash and Cash Equivalents at Beginning of Year	<u>2,028,020</u>	<u>1,540,163</u>
Cash and Cash Equivalents at End of Year	<u>\$ -</u>	<u>\$ 96,464</u>

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental Activities
Electric System	Total	Internal Service
\$ 12,350,030	\$ 15,449,476	\$ 40,356
(10,186,244)	(11,334,040)	(38,368)
(1,051,836)	(1,698,689)	-
10,496	10,496	-
<u>1,122,446</u>	<u>2,427,243</u>	<u>1,988</u>
(573,341)	(1,143,962)	-
-	16,000	-
-	(473,000)	-
-	(200,893)	-
<u>(573,341)</u>	<u>(1,801,855)</u>	<u>-</u>
(549,165)	(694,322)	-
27,000	27,000	-
2,287,222	2,287,222	-
<u>(2,096,121)</u>	<u>(1,913,453)</u>	<u>-</u>
<u>(331,064)</u>	<u>(293,553)</u>	<u>-</u>
(5,245,000)	(9,000,000)	
<u>299,450</u>	<u>468,937</u>	
<u>(4,945,550)</u>	<u>(8,531,063)</u>	<u>-</u>
(4,727,509)	(8,199,228)	1,988
<u>4,733,866</u>	<u>8,302,049</u>	<u>15,143</u>
<u>\$ 6,357</u>	<u>\$ 102,821</u>	<u>\$ 17,131</u>
		(Continued)

See Accompanying Notes to Financial Statements

CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended June 30, 2008

	Business Type Activities	
	Water System	Sewer System
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income	\$ 405,283	\$ 243,989
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	252,279	276,305
Miscellaneous Non-Operating Income	-	-
(Increase) Decrease in Assets:		
Accounts Receivable	(51,201)	(13,988)
Prepaid Expenses	(745)	(410)
Inventories	(5,653)	2,286
Increase (Decrease) in Liabilities		
Accounts Payable	90,708	65,122
Accrued Wages	2,477	2,021
Other Accruals	(1,231)	762
Accrued Compensated Absences	13,387	23,406
Customer Deposits	-	-
Total Adjustments	300,021	355,504
Net Cash Provided by Operating Activities	\$ 705,304	\$ 599,493

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental
Electric		Activities
Utility	Total	Internal
		Service
<u>\$ 632,876</u>	<u>\$ 1,282,148</u>	<u>\$ (10,262)</u>
724,291	1,252,875	-
10,496	10,496	-
(195,723)	(260,912)	
(2,440)	(3,595)	14,957
(21,497)	(24,864)	-
(43,509)	112,321	(4,490)
3,218	7,716	-
1,410	941	1,783
7,359	44,152	-
5,965	5,965	-
<u>489,570</u>	<u>1,145,095</u>	<u>12,250</u>
<u>\$ 1,122,446</u>	<u>\$ 2,427,243</u>	<u>\$ 1,988</u>

See Accompanying Notes to Financial Statements

CITY OF WEBSTER CITY, IOWA
COMBINED STATEMENT OF FIDUCIARY NET ASSETS
Fiduciary Funds
June 30, 2008

	Totals
ASSETS	
Cash and Cash Equivalents	\$ 11,606
Investments	11,500
Receivables:	
Interest Receivable	<u>60</u>
Total Assets	<u>23,166</u>
LIABILITIES	<u>-</u>
Total Liabilities	<u>-</u>
NET ASSETS	
Unrestricted	23,166
Total Net Assets	<u><u>\$ 23,166</u></u>

See Accompanying Notes to Financial Statements

CITY OF WEBSTER CITY, IOWA
 COMBINED STATEMENT OF CHANGES IN NET ASSETS
 Fiduciary Funds
 For the Year Ended June 30, 2008

	Totals
Additions	
Investment Income	\$ 686
Deductions	
Culture and Recreation	199
	<u>487</u>
Changes in Net Assets	
Net Assets Beginning of Year	<u>22,679</u>
Net Assets End of Year	<u><u>\$ 23,166</u></u>

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Webster City, Iowa is a political subdivision of the State of Iowa located in Hamilton County, and was incorporated in 1874, under the laws of the State of Iowa, later amended in 1974 under the Home Rule City Act. The City operates under a Council-Manager form of government with the council members elected on a non-partisan basis and administers the following functions as authorized by its charter: public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also has municipal water, sewer, and electric utility systems, which are governed by the City Council.

The City's financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, the City of Webster City, Iowa, has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City.

These financial statements present the City of Webster City, Iowa (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Discretely Presented Component Units

Webster City Airport Commission

The government-wide financial statements include the Webster City Airport Commission ("airport commission") as a component unit. The airport commission is a legally separate organization. The board of the airport commission is appointed by the Webster City Council. Iowa Statutes provide for circumstances whereby the City can impose their will on the airport commission. The airport commission can create a potential financial benefit to or burden on the City. As a component unit, the airport commission's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended June 30, 2008. Separate financial statements are not issued for the Webster City Airport Commission.

Fuller Trust

The government-wide financial statements include the Fuller Trust as a component unit.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Fuller Trust is a legally separate organization. The board of Fuller Trust is elected by the general public. As a component unit, the Fuller Trust's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended June 30, 2008. Separate financial statements are not issued for the Fuller Trust.

Jointly Governed Organizations - The City also participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following Boards and Commissions: Hamilton County Assessors' Conference Board, Hamilton County Emergency Management Commission, and Hamilton County Joint E911 Service Board.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax, intergovernmental revenues, and other nonexchange revenues are reported separately from business type activities, which rely to a significant extent on fees and charges for services. The City's general, special revenue, debt service, capital projects and permanent funds are classified as governmental activities. The City's Medical/Flex internal service fund is also classified as a governmental-type activity.

The Statement of Net Assets presents the City's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The City first uses restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

The City does not allocate indirect costs. Certain expenses of the City are accounted for through the internal service fund on a cost-reimbursement basis.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year activities.

Fund Financial Statements – Separate financial statements are provided for governmental and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

- 1) General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The sources of revenue include property taxes, charges for services, fines and fees, licenses and permits, as well as state and federal grants. The expenditures of the General Fund relate to general administration, police and fire protection, maintenance of public streets, economic development, and culture and recreation.

- 2) Special Revenue Fund

Child Care Center – accounts for resources legally restricted to supporting expenditures for the Child Care Center.

- 3) Capital Project Fund

Second Street Reconstruction – accounts for resources and expenditures related to the Second Street reconstruction project.

The City reports the following major proprietary (enterprise) funds:

The Water Utility is used to account for the operation and maintenance of the City's water system.

The Sewer Utility is used to account for the operation and maintenance of the City's sewer system.

The Electric Utility is used to account for the operation and maintenance of the City owned electric system.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In addition, the City reports the following fund types:

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the city, or to other governmental units, on a cost-reimbursement basis.

Medical/Flex

Private-purpose trust funds are used to report any trust arrangement not properly reported in a pension trust fund under which principal and income benefit individuals, private organizations, or other governments.

Joe E. Barr Trust
Edgar Foster Trust
Calvary Cemetery Trust

Zella Silvers Trust
Mulberry Church Trust

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end.

Property tax, local option sales tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

The proprietary funds of the City apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are charges to customers for sales and services. Operating expenses consist of cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-recovery basis. The City's internal service fund is presented in the proprietary fund financial statements.

Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support City programs.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most City funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid (including restricted assets) are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Investments consist of the following:

<u>City</u>	<u>Type</u>	<u>Method</u>
	Nonnegotiable Certificates of Deposit	Cost

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Custodial Credit Risk – the City has no policy in place regarding custodial credit risk and deposits with financial institutions, however, deposits are insured by the state sinking fund, which provides for additional assessments against depositories to avoid loss of public funds.

Investments are stated at amortized cost. Investment income on commingled investments of municipal accounting funds is allocated based on average balances.

Property Tax Receivable, Including Tax Increment Financing - Property tax, including tax increment financing, in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the City Council to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the City Council to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City Council is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March 2007. Any county collections on the 2007-2008 tax levy remitted to the City within 60 days subsequent to June 30, 2008, are recorded as property tax revenue.

Customer Accounts and Unbilled Usage – Accounts receivable are recorded in the Enterprise Funds at the time the service is billed.

Short-Term Interfund Receivables/Payables - During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent certain transactions between funds have not been paid or received as of June 30, 2008, balances of interfund amounts payable or receivable have been recorded as “due to other funds” and “due from other funds”, respectively in the fund financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Inventories - Inventories of the proprietary fund types are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased. The inventory amounts are not material and therefore not recorded on the balance sheet.

Restricted Assets - Funds set aside for payment of Enterprise Fund revenue notes are classified as restricted assets since their use is restricted by applicable note indentures. Other restricted assets include customer deposits restricted for application to unpaid customer accounts or for refund to customers.

Prepaid Items - Payments made to vendors for services that will benefit periods beyond June 30, 2008 are recorded as prepaid items.

Capital Assets - Capital assets, which include property, equipment and vehicles and infrastructure assets (e.g. roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government) are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets and in the Proprietary Funds Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair not adding to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the City as assets with initial, individual costs in excess of \$5,000 for general capital assets and \$25,000 for infrastructure assets and estimated useful lives in excess of one year. Depreciation expense is calculated using the straight-line method over the following useful lives:

Buildings	39 – 150 Years
Utility Plant	25 – 90 Years
Machinery & Equipment	3 - 30 Years
Infrastructure	20– 100 Years
Land Improvements	50– 100 Years

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of uncollected notes receivable, as well as delinquent property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Compensated Absences - City employees accumulate a limited amount of earned but unused vacation and sick-leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statement. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid by the General Fund.

Long-term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activities column in the Statement of Net Assets and the proprietary fund Statement of Net Assets.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Interfund Transactions - Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services provided and used transactions and reimbursements, are reported as transfers.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, disbursements exceeded the amounts budgeted in the culture and recreation, debt service, community and economic development and capital project functions.

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City's deposits at June 30, 2008, were entirely covered by Federal Depository Insurance collateralized with securities or letters of credit held by the City or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. Chapter 12C provides for additional assessments against the depositories to insure there will be no loss of public funds.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2008

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS – (Continued)

The City is authorized by statute to invest public funds in obligation of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Deposits at June 30, 2008, are shown below:

	Primary Government	Component Unit	Fair Value
Demand Deposits	\$ 1,663,563	\$ 2,724,780	\$ 4,388,343
Savings Account	262,000	-	262,000
Time Deposits	12,822,000	-	12,822,000
	<u>\$ 14,747,563</u>	<u>\$ 2,724,780</u>	<u>\$17,472,343</u>

Note 3 - RECEIVABLES

Receivables at June 30, 2008 are net of allowance for uncollectibles. The allowance for uncollectibles of the enterprise funds of the primary government was \$81,359 at June 30, 2008.

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The City records a loan receivable when the loan has been made and funds have been disbursed.

It is the City's policy to record deferred revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year-end are presented as designated fund balance in the fund financial statements.

Note 4 - DUE FROM OTHER GOVERNMENTS

At June 30, 2008, amounts due from other governments were as follows:

Due from the Iowa Department of Revenue for Road Use Tax allocation	\$ 56,081
Due from the Iowa Department of Revenue for Boone River Trail Project	314,324
Due from the Iowa Department of Revenue for Local Option Sales taxes	129,588
	<u>\$ 499,993</u>

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2008

Note 5 - INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2008, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
Electric Fund	Child Care Center	\$ 274,017
Electric Fund	Second Street Reconstruction	1,424,096
Electric Fund	Nonmajor Governmental	398,008
Nonmajor Governmental	General	18,533
Nonmajor Governmental	Water	182,668
Nonmajor Governmental	Child Care Center	350,000
Nonmajor Governmental	Non-Major Governmental	95,912
		<u>\$2,743,234</u>

The purpose of the interfund balances is to help finance short-term cash flow shortages of various funds.

Note 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 3,655,663	\$ -	\$ -	\$ 3,655,663
Right of way	907,701	-	-	907,701
Construction in progress	355,548	1,010,300	-	1,365,848
Total capital assets not being depreciated	<u>4,918,912</u>	<u>1,010,300</u>	<u>-</u>	<u>5,929,212</u>
Capital assets being depreciated:				
Land improvements	1,841,562	-	-	1,841,562
Structures and improvements	6,736,182	73,653	-	6,809,835
Machinery and equipment	3,047,892	186,713	\$ 219,294	3,015,311
Streets	17,407,732	970,126	-	18,377,858
Trails and paths	138,912	-	-	138,912
Sidewalks	477,585	-	-	477,585
Storm sewers	930,714	-	-	930,714
Bridges	2,017,993	-	-	2,017,993
Dam	200,000	-	-	200,000
Traffic signals	183,657	-	-	183,657
Total capital assets being depreciated	<u>\$ 32,982,229</u>	<u>\$ 1,230,492</u>	<u>\$ 219,294</u>	<u>\$ 33,993,427</u>

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2008

Note 6 - CAPITAL ASSETS – (Continued)

Governmental Activities (continued)	Beginning Balance	Additions	Deletions	Ending Balance
Less: Accumulated depreciation for				
Land improvements	\$ 113,801	\$ 212,102	\$ -	\$ 325,903
Structures and improvements	2,300,571	182,906	-	2,483,477
Machinery and equipment	1,667,671	35,649	176,822	1,526,498
Streets	8,483,166	327,836	-	8,811,002
Trails and paths	11,940	2,779	-	14,719
Sidewalks	201,975	6,358	-	208,333
Storm sewers	449,298	10,062	-	459,360
Bridges	930,361	26,907	-	957,268
Dam	53,334	6,666	-	60,000
Traffic signals	88,154	7,347	-	95,501
Total Accumulated Depreciation	14,300,271	818,612	176,822	14,942,061
Capital Assets, Net of Depreciation	18,681,958	411,880	42,472	19,051,366
Governmental activities capital assets, net	\$ 23,600,870	\$ 1,422,180	\$ 42,472	\$ 24,980,578

Construction in progress is related to the Boone River Trail Project, street resurfacing projects and airport improvements.

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 32,083
Public Safety	66,894
Public Works, which includes the depreciation of infrastructure	519,404
Culture and Recreation	200,231
	<hr/>
Total governmental activities - depreciation expense	\$ 818,612

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2008

Note 6 - CAPITAL ASSETS – (Continued)

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 786,184	\$ -	\$ -	\$ 786,184
Construction in Progress	106,218	1,030,919	438,329	698,808
Total capital assets not being depreciated	892,402	1,030,919	438,329	1,484,992
Capital assets being depreciated:				
Buildings and improvements	3,488,128	-	433,363	3,054,765
Machinery and equipment	1,762,185	256,148	55,931	1,962,402
Utility Plant	50,141,704	538,911	-	50,680,615
Total capital assets being depreciated	55,392,017	795,059	489,294	55,697,782
Less: Accumulated Depreciation	35,014,981	1,252,875	318,397	35,949,459
Total capital assets being depreciated, net	20,377,036	(457,816)	170,897	19,748,323
Business-type activities capital assets, net	\$ 21,269,438	\$ 573,103	\$ 609,226	\$ 21,233,315

Construction in progress at June 30, 2008 consisted of costs associated with the water and electric system improvements.

Depreciation expense was charged to functions/programs of the primary government as follows:

Business-Type Activities:	
Water	\$ 252,279
Sewer	276,305
Electric	724,291
Total depreciation expense – business-type activities	<u>\$ 1,252,875</u>

A summary of changes in capital assets for the discretely presented component unit is as follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Component Unit:				
Capital assets being depreciated:				
Buildings	\$ 42,000	\$ -	\$ -	\$ 42,000
Total capital assets being depreciated	42,000	-	-	42,000
Less: Accumulated Depreciation	6,300	840	-	7,140
Total capital assets being depreciated, net	\$ 35,700	\$ (840)	\$ -	\$ 34,860

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2008

Note 6 - CAPITAL ASSETS – (Continued)

Reconciliation of Invested in Capital Assets:

	Governmental Activities	Business-Type Activities	Component Unit
Land	\$ 4,563,364	\$ 786,184	\$ -
Construction in Progress	1,365,848	698,808	-
Capital Assets (net of accumulated depreciation)	19,051,366	19,748,323	34,860
Bond Issue Costs	82,220	67,006	-
Unamortized Loss on Refunding	-	31,489	-
Less: General Obligation Bonds Payable	(3,830,000)	(415,000)	-
Revenue Bonds	(2,216,411)	(4,122,000)	-
Invested in Capital Assets, Net of Related Debt	<u>\$ 19,016,387</u>	<u>\$ 16,794,810</u>	<u>\$ 34,860</u>

Note 7 - LONG-TERM DEBT

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds have been issued for both governmental and business-type activities. These bonds are direct obligations and pledge the full faith and credit of the City.

General obligation bonds outstanding as of June 30, 2008 are as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 6/30/08	Due Within One Year
Governmental Activities						
General Obligation Debt						
Corporate purpose bonds	11/01/98	06/01/13	3.45 – 4.15%	\$ 1,100,000	\$ 480,000	\$ 90,000
Corporate purpose bonds	10/01/99	06/01/15	4.40 – 5.50%	690,000	380,000	45,000
Corporate purpose bonds	01/01/02	06/01/17	2.55 – 5.00%	1,010,000	685,000	65,000
Corporate purpose bonds	07/01/03	06/01/18	1.25 – 3.80%	1,125,000	830,000	65,000
Corporate purpose bonds	11/01/03	06/01/10	1.50 – 3.00%	1,115,000	385,000	190,000
Corporate purpose bonds	03/01/06	06/01/16	3.25 – 3.95%	1,280,000	1,070,000	115,000
Total Governmental Activities – General Obligation Debt					<u>\$ 3,830,000</u>	<u>\$ 570,000</u>
Business-Type Activities						
General Obligation Debt						
Corporate purpose bonds	10/01/99	06/01/15	4.40 – 5.50%	\$ 745,000	\$ 415,000	\$ 50,000

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2008

Note 7 - LONG-TERM DEBT (Continued)

Debt service requirements to maturity are as follows:

Years	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 570,000	\$ 150,405	\$ 50,000	\$ 21,993
2010	590,000	130,525	55,000	19,443
2011	410,000	110,180	55,000	16,610
2012	430,000	94,116	60,000	13,750
2013	450,000	76,811	60,000	10,570
2014-2018	1,380,000	143,274	135,000	11,210
Total	\$ 3,830,000	\$ 705,311	\$ 415,000	\$ 93,576

Revenue Bonds

The City also has issued revenue bonds where the City pledges income derived from the acquired or constructed asset to pay debt service. These funds have been expended on construction of the water treatment and wastewater treatment facilities.

Revenue bonds outstanding at June 30, 2008 are as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 6/30/08	Due Within One Year
Governmental Activities Revenue Debt:						
Community Center revenue note	07/01/02	07/01/42	Variable	\$ 2,600,000	\$ 2,216,411	\$ -
Business-Type Activities Revenue Debt:						
<u>Water Utility</u>						
Revenue bonds	12/01/07	06/01/09	4.00 – 4.80%	670,000	90,000	90,000
<u>Sewer Utility</u>						
Revenue bonds	02/07/00	06/01/20	3.92%	3,900,000	2,687,000	180,000
Revenue bonds	01/10/06	06/01/15	3.30 – 4.10%	1,815,000	1,345,000	170,000
Total Sewer Utility					4,032,000	350,000
Total Business-type Activities Revenue Debt					\$ 4,122,000	\$ 440,000

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2008

Note 7 - LONG-TERM DEBT (Continued)

Debt service requirements to maturity are as follows:

Years	Business-type Activities	
	Revenue	Debt
	Principal	Interest
2009	\$ 440,000	\$ 161,805
2010	362,000	144,309
2011	379,000	130,504
2012	392,000	115,869
2013	409,000	100,541
2014-2018	1,602,000	273,631
2019-2020	538,000	31,830
Total	\$ 4,122,000	\$ 958,489

A repayment schedule has not been established for the community center revenue note as of June 30, 2008.

Changes in Long-Term Liabilities

Long-Term liability activity for the year ended June 30, 2008, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable:					
General Obligation	\$ 4,385,000	\$ -	\$ 555,000	\$ 3,830,000	\$ 570,000
Revenue Bonds	2,239,380	-	22,969	2,216,411	-
Compensated Absences	212,192	264,670	212,192	264,670	132,186
Capital Leases	1,046	-	1,046	-	-
Governmental Activity Long-Term Liabilities	\$ 6,837,618	\$ 264,670	\$ 791,207	\$ 6,311,081	\$ 702,186
Business-Type Activities:					
Bonds Payable:					
General Obligation	\$ 465,000	\$ -	\$ 50,000	\$ 415,000	\$ 50,000
Revenue Bonds	4,545,000	-	423,000	4,122,000	440,000
Compensated Absences	135,231	179,383	135,231	179,383	92,679
Business-Type Activity Long-Term Liabilities	\$ 5,145,231	\$ 179,383	\$ 608,231	\$ 1,716,383	\$ 582,679

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2008

Note 8 - TRANSFERS

The following is a summary of transfers between funds:

	General	2 nd Street Reconstruction	Electric	Non Major Governmental	Total Transfer Out
Electric	\$ 549,165	\$ -	\$ -	\$ -	\$ 549,165
Water	73,290	-	-	-	73,290
Sewer	71,867	-	-	-	71,867
Child Care Center	-	-	27,000	-	27,000
Nonmajor Governmental	73,996	147,999	-	877,977	1,099,972
General	-	-	-	30,000	30,000
Total Transfer In	\$ 768,318	\$ 147,999	\$ 27,000	\$ 907,977	\$ 1,851,294

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 9- PENSION AND RETIREMENT

Iowa Public Employees Retirement System - The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute plan to members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70 percent of their annual covered salary and the City is required to contribute 6.05 percent of annual covered payroll except for, fire employees, in which case, the percentages are 5.64 percent and 8.47 percent, respectively, and law employees who are covered by another plan. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$142,324, \$133,631, and \$126,475, respectively, equal to the required contributions for each year.

Municipal Fire and Police Retirement System of Iowa - The City contributes to the Municipal Fire & Police Retirement System of Iowa (MFPRSI) which is a cost-sharing multiple-employer defined benefit pension plan administered by a Board of Trustees appointed by the State of Iowa. MFPRSI provides retirement and death benefits which are established by State statute to plan members and beneficiaries. MFPRSI issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to MFPRSI, 2836 104th Street, Urbandale, Iowa 50322.

Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate cannot be less than 28.21% of earnable compensation. Contribution requirements are established by State statute. The City's contribution to MFPRSI for the years ended June 30, 2008, 2007 and 2006 were \$195,134, \$205,838, and \$212,072, respectively, which met the required minimum contribution for each year.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2008

Note 9- PENSION AND RETIREMENT – (Continued)

Employee Vision and Dental Plan – The City of Webster City Medical/Flex Insurance Fund was established to account for the City's medical and flex benefit plan. Effective September, 1995, the City has entered into an administrative services agreements with Three Rivers Benefit Corporation and Select Benefit Administrators, to administer the employee dental and vision benefit plans. The agreements are subject to automatic renewal provisions.

Monthly payments of service fees and plan contributions to the City of Webster City Medical/Flex Insurance Fund are recorded as disbursements in the operating funds. Under an administrative services agreement, monthly payments of service fees and claims processed were paid to Three Rivers Benefit Corporation and Select Benefit Administrators from the Internal Service Fund, Medical/Flex Insurance Account.

For vision claims, the claims are limited to specified services outlined in the vision plan and the uninsured risk of loss is minimal per employee. For dental claims, the uninsured risk of loss is \$1,000 for a policy year per employee. The City has not purchased additional commercial insurance since claims are limited to the amounts specified in the plan.

All funds of the City participate in the vision and dental plan. Amounts payable to the medical/flex insurance fund are based on actual claims incurred in prior years.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The City does not allocate overhead costs or other nonincremental costs to the claims liability.

Claims Liability

	Current Year	Prior Year
Unpaid claims, beginning of fiscal year	\$ 4,832	\$ 2,211
Current year claims and changes in estimates	35,221	39,833
Claim payments	(38,270)	(37,212)
Unpaid claims, end of year	<u>\$ 1,783</u>	<u>\$ 4,832</u>

Note 10 - DEFICIT FUND EQUITY

The City has four funds with deficit equity balances at June 30, 2008. The City intends to finance these deficits from various resources including; TIF Receipts, fund transfers, and note payments.

The individual fund deficits were as follows:

Child Care Center	\$ 624,017
Second Street Reconstruction	1,424,096
South East TIF	75,012
South West TIF	398,008

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2008

Note 11- RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks, with the exception of vision and dental care, are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

Note 12- COMMITMENTS

During the year ended June 30, 2008, the City had entered into several construction contracts totaling approximately \$3,462,400 of which approximately \$1,660,700 has been expended to date. The remaining balance will be paid as work progresses.

Note 13 - CONTINGENCY

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of the management and the City attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

The City has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

The City of Webster City has entered into several development agreements with developers.

The developers are constructing industrial/commercial facilities on property located in the City. Chapter 403 of the Code of Iowa authorizes cities to establish urban renewal areas and to undertake economic development projects. In recognition of the developers' commitment, the City agreed to make economic tax rebate payments to the developer during the term of the agreements in amounts which represent the property taxes paid with respect to the project by the developers in that fiscal year, minus the amount of debt service taxes levied by taxing jurisdictions, provided, however, that the total rebate payments during the term of the agreement do not exceed the maximum amounts listed.

The agreement assumes that the full taxable value of the project will go on the property tax rolls as of the dates listed below. All tax rebate payments will be made on December 1, and June 1 beginning the year after the initial incremental taxable value is placed on the property tax roll. The tax rebate payments shall not constitute general obligation of the City, but shall be paid solely and only from incremental property taxes received by the City from the Hamilton County Treasurer which are attributable to each individual project.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2008

Note 13 - CONTINGENCY (Continued)

The tax rebate payments to the developer are subject to the following conditions:

1. Timely payment of property taxes by the developer when due and submission to the City of a receipt or cancelled check as evidence of each tax payment. Residential developers are not required to submit receipts.
2. Submission of documentation satisfactory to the City, at least one week prior to each December 1 and June 1 payment date, that that project is being used as a commercial facility.

Note 14 - CONDUIT DEBT OBLIGATIONS

The City has issued Industrial Development Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and payable solely from the private-sector entity. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2008, Industrial Development Revenue Bonds outstanding had an original issue amount of \$300,000. The outstanding balance could not be determined. The bond will be forgiven or paid by May 20, 2009.

Note 15 - PRIOR PERIOD ADJUSTMENT

In the financial statements for the year ended June 30, 2007, the following omissions were noted:

1. Prepaid insurance was not recorded on the Government Wide and the Enterprise fund financial statements.
2. Intergovernmental receivables for road use tax and local option sales tax were not recorded in the Road Use Tax and Capital Improvement fund.
3. Expenditures for bond issue costs and construction in progress were omitted from the Governmental type-Government Wide Statement of Net Assets.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2008

Note 15 - PRIOR PERIOD ADJUSTMENT (Continued)

The effect of the above items is as follows:

	Government Wide Governmental Activities	Road Use Tax	Capital Improvement	Water	Sewer	Electric
Beginning fund balance as previously reported	\$ 20,671,884	\$354,333	\$ 1,035,729	\$7,269,064	\$4,619,002	\$15,419,184
Prior period adjustments:						
Prepaid Insurance	85,882	-	-	23,290	11,514	45,235
Bond Issue Cost	25,156	-	-	-	-	-
Intergovernmental Receivable	-	55,982	118,975	-	-	-
Construction in Progress	21,152	-	-	-	-	-
Beginning fund balance, restated	\$ 20,804,074	\$410,315	\$ 1,154,707	\$7,292,354	\$4,630,516	\$15,464,419

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEBSTER CITY, IOWA

**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
BALANCES - BUDGET AND ACTUAL (CASH BASIS) -**

Governmental Funds and Proprietary Funds

For the Year Ended June 30, 2008

	Governmental Funds Actual	Proprietary Funds Actual
Revenue:		
Taxes	\$ 4,359,240	\$ -
Special Assessments	1,356	-
Licenses and Permits	145,286	-
Intergovernmental Revenue	1,610,334	-
Charges for Services	384,114	15,459,972
Fines and Forfeits	8,291	-
Contributions	19,767	-
Refunds/Reimbursements	332,880	-
Revenue from Use of Property	197,837	-
Interest on Investments	238,064	468,937
Miscellaneous	322,518	-
Total Revenue	<u>7,619,687</u>	<u>15,928,909</u>
Expenditures:		
Public Safety	1,871,598	-
Public Works	1,439,757	-
Health and Social Services	25,713	-
Culture and Recreation	1,091,783	-
Community and Economic Development	174,966	-
General Government	276,715	-
Capital Projects	1,634,380	-
Debt Service	1,241,167	-
Business-Type Activities	-	14,850,584
Total Expenditures	<u>7,756,079</u>	<u>14,850,584</u>
Excess (deficiency) of revenues over expenditures	<u>(136,392)</u>	<u>1,078,325</u>
Other financing sources (uses):		
Proceeds from Sale of Capital Assets	-	16,000
Transfers In	1,824,294	27,000
Transfers Out	(1,156,972)	(694,322)
Total other financing sources (uses)	<u>667,322</u>	<u>(651,322)</u>
Net Change in Fund Balance	530,930	427,003
Balances - beginning of year	3,575,972	9,917,246
Balances - end of year	<u>\$ 4,106,902</u>	<u>\$ 10,344,249</u>

Total Actual	Budgeted Amounts		Final to Actual Variance
	Original	Final	
\$ 4,359,240	\$ 4,295,387	\$ 4,297,092	\$ 62,148
1,356	1,304	1,304	52
145,286	105,717	110,717	34,569
1,610,334	821,662	1,440,397	169,937
15,844,086	15,132,096	15,972,550	(128,464)
8,291	-	-	8,291
19,767	-	-	19,767
332,880	-	-	332,880
197,837	706,576	765,358	(567,521)
707,001			707,001
322,518	343,212	391,490	(68,972)
<u>23,548,596</u>	<u>21,405,954</u>	<u>22,978,908</u>	<u>569,688</u>
1,871,598	1,871,774	1,875,874	4,276
1,439,757	1,458,858	1,475,358	35,601
25,713	54,208	54,208	28,495
1,091,783	979,729	979,729	(112,054)
174,966	180,386	170,386	(4,580)
276,715	398,150	405,150	128,435
1,634,380	1,794,551	1,586,056	(48,324)
1,241,167	1,102,535	1,170,362	(70,805)
14,850,584	15,224,639	15,293,114	442,530
<u>22,606,663</u>	<u>23,064,830</u>	<u>23,010,237</u>	<u>403,574</u>
<u>941,933</u>	<u>(1,658,876)</u>	<u>(31,329)</u>	<u>973,262</u>
16,000	-	-	16,000
1,851,294	3,748,427	3,447,927	(1,596,633)
(1,851,294)	(3,748,427)	(3,447,927)	1,596,633
<u>16,000</u>	<u>-</u>	<u>-</u>	<u>16,000</u>
957,933	(1,658,876)	(31,329)	989,262
13,493,218	13,493,218	13,493,218	-
<u>\$ 14,451,151</u>	<u>\$ 11,834,342</u>	<u>\$ 13,461,889</u>	<u>\$ 989,262</u>

CITY OF WEBSTER CITY, IOWA
BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
For the Year Ended June 30, 2008

	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenue:			
Taxes	\$ 4,359,240	\$ 67,908	\$ 4,427,148
Special Assessments	1,356	-	1,356
Licenses and Permits	145,286	-	145,286
Intergovernmental Revenue	1,610,334	101,607	1,711,941
Charges for Services	15,844,086	250,111	16,094,197
Fines and Forfeits	8,291	-	8,291
Contributions	19,767	69,999	89,766
Refunds/Reimbursements	332,880	(142,664)	190,216
Revenue from Use of Property	197,837	(17,739)	180,098
Interest on Investments	707,001	(21,062)	685,939
Miscellaneous	322,518	(215,832)	106,686
Total Revenue	<u>23,548,596</u>	<u>92,328</u>	<u>23,640,924</u>
Expenditures/Expenses:			
Public Safety	1,871,598	(107,883)	1,763,715
Public Works	1,439,757	(54,727)	1,385,030
Health and Social Services	25,713	6,299	32,012
Culture and Recreation	1,091,783	(24,054)	1,067,729
Community and Economic Development	174,966	322,386	497,352
General Government	276,715	(76,518)	200,197
Capital Projects	1,634,380	296,728	1,931,108
Debt Service	1,241,167	(150,684)	1,090,483
Business-Type Activities	14,850,584	(283,218)	14,567,366
Total Expenditures/Expenses	<u>22,606,663</u>	<u>(71,671)</u>	<u>22,534,992</u>
Excess (Deficiency) of Revenues Over Expenditures/Expenses	<u>941,933</u>	<u>163,999</u>	<u>1,105,932</u>
Other financing sources (uses):			
Proceeds from Sale of Capital Assets	16,000	(6,000)	10,000
Transfers In	1,851,294	-	1,851,294
Transfers Out	(1,851,294)	-	(1,851,294)
Total other financing sources (uses)	<u>16,000</u>	<u>(6,000)</u>	<u>10,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures/Expenses and Other (Uses)	<u>957,933</u>	<u>157,999</u>	<u>1,115,932</u>
Fund Balance/Retained Earnings - beginning of year	<u>13,493,218</u>	<u>16,450,739</u>	<u>29,943,957</u>
Prior Period Adjustment		<u>254,996</u>	<u>254,996</u>
Fund Balance/Retained Earnings - beginning of year, as Restated	<u>13,493,218</u>	<u>16,705,735</u>	<u>30,198,953</u>
Fund Balance/Retained Earnings - end of year	<u>\$ 14,451,151</u>	<u>\$ 33,569,469</u>	<u>\$ 31,314,885</u>

CITY OF WEBSTER CITY, IOWA
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2008

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Agency Funds and the Internal Service Funds, and appropriates the amount deemed necessary for each of the different City offices and departments. The budgets may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end. During the year one budget amendment was adopted decreasing budgeted disbursements by \$54,593.

Formal and legal budgetary control is based upon 9 major classes of expenditures known as functions, not by fund. These 9 functions are: public safety, public works, community and economic development, health and social services, culture and recreation, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department.

During the fiscal year ended June 30, 2008, disbursements exceeded the amounts budgeted in any Culture and Recreation and Debt Service functions.

OTHER SUPPLEMENTARY INFORMATION

CITY OF WEBSTER CITY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
June 30, 2008

	Special Revenue Funds		
	FICA/ IPERS	Worker's Compensation	Medical/Flex Insurance
Assets			
Cash and Cash Equivalents	\$ 27,139	\$ 49,495	\$ 28,141
Investments	100,000	50,000	150,000
Receivables (Net, where applicable, of allowance for uncollectibles)			
Taxes	2,003	819	4,150
Subsequent Year Taxes	166,683	68,426	350,840
Accrued Interest	-	-	-
Notes Receivable	-	-	-
Due from Other Funds	18,533	-	-
Due from Other Governmental Agencies	-	-	-
Total Assets	314,358	168,740	533,131
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	-	-	-
Accrued Wages	-	-	-
Other Accrued Expenses	-	-	-
Due to Other Funds	-	-	-
Deferred Revenue - Subsequent Year Taxes	166,683	68,426	350,840
Deferred Revenue	-	-	-
Total Liabilities	166,683	68,426	350,840
Fund Balances:			
Reserved for:			
Debt Service	-	-	-
Perpetual Care	-	-	-
Unreserved	147,675	100,314	182,291
Total Fund Balances	147,675	100,314	182,291
Total Liabilities and Equity	\$ 314,358	\$ 168,740	\$ 533,131

Special Revenue Funds							
Unemployment Compensation	Road Use Tax	Police/Fire Retirement	DARE	Siezed Property	K9 Trust	Economic Development Loan	
\$ 8,205	\$ 67,066	\$ 28,894	\$ 179	\$ 763	\$ 74	\$ 86,943	
-	377,000	25,000	-	-	-	855,000	
183	-	2,450	-	-	-	-	-
15,772	-	147,224	-	-	-	-	-
-	-	263	-	-	-	4,224	-
-	-	-	-	-	-	119,870	-
-	-	-	-	-	-	95,000	-
-	56,081	-	-	-	-	-	-
24,160	500,147	203,831	179	763	74	1,161,037	
-	124,202	-	-	-	-	-	-
-	5,954	-	-	-	-	-	-
-	156	-	-	-	-	-	-
-	-	-	-	-	-	912	-
15,772	-	147,224	-	-	-	-	-
-	-	-	-	-	-	119,870	-
15,772	130,312	147,224	-	-	-	120,782	
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,388	369,835	56,607	179	763	74	1,040,255	
8,388	369,835	56,607	179	763	74	1,040,255	
\$ 24,160	\$ 500,147	\$ 203,831	\$ 179	\$ 763	\$ 74	\$ 1,161,037	

CITY OF WEBSTER CITY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
June 30, 2008

	Special Revenue Funds		
	WC Comm Rehabilitation Revolving Loan	Urban Renewal TIF Gourley	Urban Renewal TIF Riverview
Assets			
Cash and Pooled Investments	\$ 51,135	\$ -	\$ 1,024
Investments	25,000	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Taxes	-	-	-
Subsequent Year Taxes	-	16,169	232,497
Accrued Interest	81	-	-
Notes Receivable	78,094	-	-
Due from Other Funds	912	-	-
Due from Other Governmental Agencies	-	-	-
Total Assets	<u>155,222</u>	<u>16,169</u>	<u>233,521</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	-	-	-
Accrued Wages	-	-	-
Other Accrued Expenses	-	-	-
Due to Other Funds	-	-	-
Deferred Revenue - Subsequent Year Taxes	-	16,169	232,497
Deferred Revenue	78,094	-	-
Total Liabilities	<u>78,094</u>	<u>16,169</u>	<u>232,497</u>
Fund Balances:			
Reserved for:			
Debt Service	-	-	-
Perpetual Care	-	-	-
Unreserved	77,128	-	1,024
Total Fund Balances	<u>77,128</u>	<u>-</u>	<u>1,024</u>
Total Liabilities and Equity	<u>\$ 155,222</u>	<u>\$ 16,169</u>	<u>\$ 233,521</u>

Special Revenue Funds					
Urban Renewal TIF Hy-Vee	Urban Renewal TIF Brewer Creek	SSMID	Urban Renewal TIF Struchen	Urban Renewal TIF West Second	Urban Renewal TIF Beam
\$ -	\$ 13,789	\$ 18,426	\$ -	\$ 62,185	\$ -
-	50,000	-	-	-	-
-	-	-	-	-	-
49,044	-	8,850	44,982	-	-
-	17	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
49,044	63,806	27,276	44,982	62,185	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
49,044	-	8,850	44,982	-	-
-	-	-	-	-	-
49,044	-	8,850	44,982	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	63,806	18,426	-	62,185	-
-	63,806	18,426	-	62,185	-
\$ 49,044	\$ 63,806	\$ 27,276	\$ 44,982	\$ 62,185	\$ -

CITY OF WEBSTER CITY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
June 30, 2008

	Special Revenue Funds		
	Urban Renewal	Urban Renewal	Urban Renewal
	TIF Vantec	TIF Southeast	TIF Southwest
Assets			
Cash and Pooled Investments	\$ -	\$ 19,988	\$ -
Investments	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Taxes	-	-	-
Subsequent Year Taxes	150,080	100,233	12,085
Accrued Interest	-	-	-
Notes Receivable	-	-	-
Due from Other Funds	-	-	-
Due from Other Governmental Agencies	-	-	-
Total Assets	<u>150,080</u>	<u>120,221</u>	<u>12,085</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	-	-	-
Accrued Wages	-	-	-
Other Accrued Expenses	-	-	-
Due to Other Funds	-	95,000	398,008
Deferred Revenue - Subsequent Year Taxes	150,080	100,233	12,085
Deferred Revenue	-	-	-
Total Liabilities	<u>150,080</u>	<u>195,233</u>	<u>410,093</u>
Fund Balances:			
Reserved for:			
Debt Service	-	-	-
Perpetual Care	-	-	-
Unreserved	-	(75,012)	(398,008)
Total Fund Balances	<u>-</u>	<u>(75,012)</u>	<u>(398,008)</u>
Total Liabilities and Equity	<u>\$ 150,080</u>	<u>\$ 120,221</u>	<u>\$ 12,085</u>

Special Revenue Funds				Capital Project Funds			
Urban Renewal TIF New Castle	Wilson Brewer Park Depot	Webster City Pride	Debt Service	Brewer Creek Estates	Boone River Trail	Wilson Ave Bridge Improvements	
\$ -	\$ 396	\$ 15,808	\$ 11,957	\$ 22,622	\$ 323,868	\$ 15,217	
-	-	-	173,000	-	-	-	
-	-	-	8,441	-	-	-	
60,892	-	-	712,979	-	-	-	
-	-	-	438	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	314,324	-	
60,892	396	15,808	906,815	22,622	638,192	15,217	
-	-	-	-	-	374,639	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
60,892	-	-	712,979	-	-	-	
-	-	-	-	-	-	-	
60,892	-	-	712,979	-	374,639	-	
-	-	-	193,836	-	-	-	
-	-	-	-	-	-	-	
-	396	15,808	-	22,622	263,553	15,217	
-	396	15,808	193,836	22,622	263,553	15,217	
\$ 60,892	\$ 396	\$ 15,808	\$ 906,815	\$ 22,622	\$ 638,192	\$ 15,217	

CITY OF WEBSTER CITY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
June 30, 2008

	Capital Project Funds		
	1999 Sidewalk Improvements	Annual Street Maintenance	Capital Improvement Reserve
Assets			
Cash and Pooled Investments	\$ 60,676	\$ 189,591	\$ 374,734
Investments	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Taxes	-	-	-
Subsequent Year Taxes	-	-	-
Accrued Interest	-	-	1,051
Notes Receivable	-	-	-
Due from Other Funds	-	-	532,668
Due from Other Governmental Agencies	-	-	129,588
Total Assets	60,676	189,591	1,038,041
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	-	51,035	2,064
Accrued Wages	-	-	-
Other Accrued Expenses	-	-	-
Due to Other Funds	-	-	-
Deferred Revenue - Subsequent Year Taxes	-	-	-
Deferred Revenue	-	-	-
Total Liabilities	-	51,035	2,064
Fund Balances:			
Reserved for:			
Debt Service	-	-	-
Perpetual Care	-	-	-
Unreserved	60,676	138,556	1,035,977
Total Fund Balances	60,676	138,556	1,035,977
Total Liabilities and Equity	\$ 60,676	\$ 189,591	\$ 1,038,041

Capital Project Funds		Permanent		Total
Railroad	City	Perpetual		Governmental
Crossing	Hall	Care		Nonmajor
Bicentennial	Plaza	Fund		Funds
\$ 149	\$ 3,830	\$ 1,130	\$ 1,483,424	
-	-	392,000	2,197,000	
-	-	-	18,046	
-	-	-	2,136,756	
-	-	-	6,074	
-	-	-	197,964	
-	-	-	647,113	
-	-	-	499,993	
149	3,830	393,130	7,186,370	
-	-	-	551,940	
-	-	-	5,954	
-	-	-	156	
-	-	-	493,920	
-	-	-	2,136,756	
-	-	-	197,964	
-	-	-	3,386,690	
-	-	-	193,836	
-	-	393,130	393,130	
149	3,830	-	3,212,714	
149	3,830	393,130	3,799,680	
\$ 149	\$ 3,830	\$ 393,130	\$ 7,186,370	

CITY OF WEBSTER CITY, IOWA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Governmental Nonmajor Funds

For the Year Ended June 30, 2008

	Special Revenue Funds		
	FICA/ IPERS	Worker's Compensation	Medical/Flex Insurance
Revenue:			
Taxes	\$ 162,204	\$ 66,215	\$ 336,078
Special Assessments	-	-	-
Intergovernmental Revenue	-	-	-
Contributions	-	-	-
Refunds/Reimbursements	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
Total Revenue	162,204	66,215	336,078
Expenditures:			
Public Safety	38,105	38,810	171,507
Public Works	37,810	12,389	44,780
Culture and Recreation	57,671	11,543	64,611
Community and Economic Development	10,714	960	15,116
General Government	8,024	200	21,746
Capital Projects	-	-	-
Debt Service	-	-	-
Total Expenditures	152,324	63,902	317,760
Excess (deficiency) of revenues over expenditures	9,880	2,313	18,318
Other financing sources (uses):			
Proceeds from Sale of Capital Assets	-	-	-
Transfers In	-	-	30,000
Transfers Out	-	-	-
Total other financing sources (uses)	-	-	30,000
Net Change in Fund Balance	9,880	2,313	48,318
Fund balances (deficits) -beginning of year	137,795	98,001	133,973
Prior Period Adjustments	-	-	-
Fund balances (deficits) -beginning of year (as restated)	137,795	98,001	133,973
Fund balances (deficits) - end of year	\$ 147,675	\$ 100,314	\$ 182,291

Special Revenue Funds							
Unemployment Compensation	Road Use Tax	Police/Fire Retirement	DARE	Siezed Property	K9 Trust	Economic Development Loan	
\$ 14,859	\$ -	\$ 198,024	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	-	
-	700,609	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	2,178	-	-	-	29,782	
-	-	-	-	-	-	35,431	
14,859	700,609	200,202	-	-	-	65,213	
5,149	-	195,159	2,404	-	-	-	
1,555	617,093	-	-	-	-	-	
2,422	-	-	-	-	-	-	
432	-	-	-	-	-	14,871	
339	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
9,897	617,093	195,159	2,404	-	-	14,871	
4,962	83,516	5,043	(2,404)	-	-	50,342	
-	-	-	-	-	-	-	
-	-	-	-	-	-	12,086	
-	(123,996)	-	-	-	-	-	
-	(123,996)	-	-	-	-	12,086	
4,962	(40,480)	5,043	(2,404)	-	-	62,428	
3,426	354,333	51,564	2,583	763	74	977,827	
-	55,982	-	-	-	-	-	
3,426	410,315	51,564	2,583	763	74	977,827	
\$ 8,388	\$ 369,835	\$ 56,607	\$ 179	\$ 763	\$ 74	\$ 1,040,255	

CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2008

	Special Revenue Funds		
	WC Comm Rehabilitation Revolving Loan	Urban Renewal TIF Gourley	Urban Renewal TIF Riverview
Revenue:			
Taxes	\$ -	\$ 15,795	\$ 150,375
Special Assessments	-	-	-
Intergovernmental Revenue	-	-	-
Contributions	-	-	-
Refunds/Reimbursements	-	-	-
Interest	3,443	-	-
Miscellaneous	10,849	-	-
Total Revenue	14,292	15,795	150,375
Expenditures:			
Public Safety	-	-	-
Public Works	-	-	-
Culture and Recreation	-	-	-
Community and Economic Development	8,757	10,374	-
General Government	-	-	-
Capital Projects	-	-	-
Debt Service	-	-	-
Total Expenditures	8,757	10,374	-
Excess (deficiency) of revenues over expenditures	5,535	5,421	150,375
Other financing sources (uses):			
Proceeds from Sale of Capital Assets	-	-	-
Transfers In	-	-	-
Transfers Out	-	(5,421)	(150,024)
Total other financing sources (uses)	-	(5,421)	(150,024)
Net Change in Fund Balance	5,535	-	351
Fund balances (deficits) -beginning of year	71,593	-	673
Prior Period Adjustments	-	-	-
Fund balances (deficits) -beginning of year (as restated)	71,593	-	673
Fund balances (deficits) - end of year	\$ 77,128	\$ -	\$ 1,024

Special Revenue Funds					
Urban Renewal TIF Hy-Vee	Urban Renewal TIF Brewer Creek	SSMID	Urban Renewal TIF Struchen	Urban Renewal TIF West Second	Urban Renewal TIF Beam
\$ 49,028	\$ -	\$ 8,967	\$ 18,754	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	17	-	-	-	-
-	-	-	-	-	-
49,028	17	8,967	18,754	-	-
-	-	-	-	-	-
-	-	-	-	681	-
-	-	-	-	-	-
49,028	-	3,847	12,089	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
49,028	-	3,847	12,089	681	-
-	17	5,120	6,665	(681)	-
-	-	-	-	-	-
-	-	2,025	-	62,866	-
-	-	-	(6,665)	-	(62,866)
-	-	2,025	(6,665)	62,866	(62,866)
-	17	7,145	-	62,185	(62,866)
-	63,789	11,281	-	-	62,866
-	-	-	-	-	-
-	63,789	11,281	-	-	62,866
\$ -	\$ 63,806	\$ 18,426	\$ -	\$ 62,185	\$ -

CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2008

	Special Revenue Funds		
	Urban Renewal	Urban Renewal	Urban Renewal
	TIF Vantec	TIF Southeast	TIF Southwest
Revenue:			
Taxes	\$ 151,740	\$ 97,347	\$ 8,104
Special Assessments	-	-	-
Intergovernmental Revenue	-	-	-
Contributions	-	-	-
Refunds/Reimbursements	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
Total Revenue	151,740	97,347	8,104
Expenditures:			
Public Safety	-	-	-
Public Works	-	-	-
Culture and Recreation	-	-	-
Community and Economic Development	151,740	-	-
General Government	-	-	-
Capital Projects	-	-	-
Debt Service	-	-	-
Total Expenditures	151,740	-	-
Excess (deficiency) of revenues over expenditures	-	97,347	8,104
Other financing sources (uses):			
Proceeds from Sale of Capital Assets	-	10,000	-
Transfers In	-	-	-
Transfers Out	-	-	-
Total other financing sources (uses)	-	10,000	-
Net Change in Fund Balance	-	107,347	8,104
Fund balances (deficits) -beginning of year	-	(182,359)	(406,112)
Prior Period Adjustments	-	-	-
Fund balances (deficits) -beginning of year (as restated)	-	(182,359)	(406,112)
Fund balances (deficits) - end of year	\$ -	\$ (75,012)	\$ (398,008)

Special Revenue Funds				Capital Project Funds		
Urban Renewal TIF New Castle	Wilson Brewer Park Depot	Webster City Pride	Debt Service	Brewer Creek Estates	Boone River Trail	Wilson Ave Bridge Improvements
\$ 55,902	\$ -	\$ -	\$ 739,496	\$ -	\$ -	\$ -
-	-	-	1,356	-	-	-
-	-	-	-	-	983,460	-
-	-	-	-	-	70,000	-
-	36	13,595	147,387	-	-	-
-	-	-	14,291	-	-	-
-	-	-	-	-	-	-
55,902	36	13,595	902,530	-	1,053,460	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	497	-	-	-	-
55,902	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	860,732	-
-	-	-	873,817	-	-	-
55,902	-	497	873,817	-	860,732	-
-	36	13,098	28,713	-	192,728	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	36	13,098	28,713	-	192,728	-
-	360	2,710	165,123	22,622	70,825	15,217
-	-	-	-	-	-	-
-	360	2,710	165,123	22,622	70,825	15,217
\$ -	\$ 396	\$ 15,808	\$ 193,836	\$ 22,622	\$ 263,553	\$ 15,217

CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2008

	Capital Project Funds		
	1999 Sidewalk Improvements	Annual Street Maintenance	Capital Improvement Reserve
Revenue:			
Taxes	\$ -	\$ -	\$ 650,898
Special Assessments	-	-	-
Intergovernmental Revenue	-	-	-
Contributions	-	-	-
Refunds/Reimbursements	-	-	-
Interest	-	-	758
Miscellaneous	-	-	-
Total Revenue	-	-	651,656
Expenditures:			
Public Safety	-	-	-
Public Works	-	-	-
Culture and Recreation	-	-	-
Community and Economic Development	-	-	-
General Government	-	-	-
Capital Projects	13,313	1,037,670	19,383
Debt Service	-	-	-
Total Expenditures	13,313	1,037,670	19,383
Excess (deficiency) of revenues over expenditures	(13,313)	(1,037,670)	632,273
Other financing sources (uses):			
Proceeds from Sale of Capital Assets	-	-	-
Transfers In	50,000	751,000	-
Transfers Out	-	-	(751,000)
Total other financing sources (uses)	50,000	751,000	(751,000)
Net Change in Fund Balance	36,687	(286,670)	(118,727)
Fund balances (deficits) -beginning of year	23,989	425,226	1,035,729
Prior Period Adjustments	-	-	118,975
Fund balances (deficits) -beginning of year (as restated)	23,989	425,226	1,154,704
Fund balances (deficits) - end of year	\$ 60,676	\$ 138,556	\$ 1,035,977

Capital Project Funds		Permanent	Total
Railroad	City	Perpetual	Governmental
Crossing	Hall	Care	Nonmajor
Bicentennial	Plaza	Fund	Funds
\$ -	\$ -	\$ -	\$ 2,723,786
-	-	-	1,356
-	-	-	1,684,069
-	-	-	70,000
-	-	-	161,018
-	-	-	50,469
-	-	6,253	52,533
-	-	6,253	4,743,231
-	-	-	451,134
-	-	-	714,308
-	12,072	-	148,816
-	-	-	333,830
-	-	-	30,309
10	-	-	1,931,108
-	-	-	873,817
10	12,072	-	4,483,322
(10)	(12,072)	6,253	259,909
-	-	-	10,000
-	-	-	907,977
-	-	-	(1,099,972)
-	-	-	(181,995)
(10)	(12,072)	6,253	77,914
159	15,902	386,877	3,546,809
-	-	-	174,957
159	15,902	386,877	3,721,766
\$ 149	\$ 3,830	\$ 393,130	\$ 3,799,680

CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
Fiduciary Funds
June 30, 2008

	Joe E. Barr Trust	Edgar Foster Trust	Calvary Cemetery Trust	Zella Silvers Trust	Mulberry Church Trust	Totals
ASSETS						
Cash and Cash Equivalents	\$ 402	\$ 184		\$ 158	\$10,862	\$ 11,606
Investments	1,500	2,000	\$ 5,000	3,000		11,500
Receivables:						
Interest Receivable	8	10	26	16		60
Total Assets	1,910	2,194	5,026	3,174	10,862	23,166
LIABILITIES						
	-		-	-	-	-
Total Liabilities	-	-	-	-	-	-
NET ASSETS						
Unrestricted	1,910	2,194	5,026	3,174	10,862	23,166
Total Net Assets	\$ 1,910	\$ 2,194	\$ 5,026	\$ 3,174	\$ 10,862	\$ 23,166

See Accompanying Notes to Financial Statements

CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF CHANGES IN NET ASSETS
Fiduciary Funds
For the Year Ended June 30, 2008

	Joe E. Barr Trust	Edgar Foster Trust	Calvary Cemetery Trust	Zella Silvers Trust	Mulberry Church Trust	Totals
Additions						
Investment Income	\$ 46	\$ 61	\$ 153	\$ 93	\$ 333	\$ 686
Deductions						
Culture and Recreation	24	24	127	24	-	199
Changes in Net Assets	22	37	26	69	333	487
Net Assets Beginning of Year	1,888	2,157	5,000	3,105	10,529	22,679
Net Assets End of Year	<u>\$ 1,910</u>	<u>\$ 2,194</u>	<u>\$ 5,026</u>	<u>\$ 3,174</u>	<u>\$ 10,862</u>	<u>\$ 23,166</u>

CITY OF WEBSTER CITY, IOWA
Schedule of Expenditures of Federal Awards (Cash Basis)
For the Year Ended June 30, 2008

	CFDA Number	Project/Contract Number	Program Disburse- ments
Direct:			
FEDERAL AVIATION ADMINISTRATION			
Airport Improvement Program	20.106	3-19-0097-07-2007	\$ 53,750
Airport Improvement Program	20.106	3-19-0097-04-2006	24,311
Airport Improvement Program	20.106	3-19-009-08	9,889
Total Direct			<u>87,950</u>
Indirect:			
DEPARTMENT OF TRANSPORTATION:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-E-8212(613)-8V-40	<u>450,371</u>
Total Expenditures of Federal Awards			<u>\$ 538,321</u>

BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Webster City, Iowa and is presented on the cash basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF WEBSTER CITY, IOWA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Part I: Summary of the Independent Auditors' Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A significant deficiency in internal control over major programs was disclosed by the audit of the financial statements, which is also considered to be a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was as follows:
 - CFDA #20.205 – Highway Planning and Construction
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Webster City did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

Instances of Non-Compliance:

No matters were noted.

Significant Deficiencies:

II-A-08 Financial Reporting

Observation - During the audit, we identified material amounts of receivables, and payables not recorded in the City's financial statements. Adjustments were subsequently made by the City to properly include these amounts in the financial statements.

Recommendation – The City should implement procedures to ensure all receivables, payables, capital asset additions and cash reclassifications are identified and included in the City's financial statements.

Response – We will double check these in the future to avoid any missing receivables, payables, capital asset or cash reclassification transactions.

Conclusion – Response accepted.

Part III: Findings and Questioned Costs For Federal Awards:

Instances of Non-Compliance:

No matters were reported.

CITY OF WEBSTER CITY, IOWA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Significant Deficiencies:

III-A-08 Financial Reporting

Observation - During the audit, we identified material amounts of receivables, and payables not recorded in the City's financial statements. Adjustments were subsequently made by the City to properly include these amounts in the financial statements.

Recommendation - The City should implement procedures to ensure all receivables, payables and, capital asset additions are identified and included in the City's financial statements.

Response - We will double check these in the future to avoid any missing receivables, payables, capital asset or cash reclassification transactions.

Conclusion - Response accepted.

Part IV: Other Findings Related to Statutory Reporting:

IV-A-08 - Certified Budget - Disbursements during the year ended June 30, 2008, exceeded the amounts budgeted in the culture and recreation, debt service, community and economic development and capital projects functions.

Recommendation - The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - The budget will be amended in the future, if applicable.

Conclusion - Response accepted.

IV-B-08 - Questionable Expenditures - We noted no questionable expenditures during our audit.

IV-C-08 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-08 - Business Transactions - There were no business transactions between the City and City officials identified during the audit.

IV-E-08 - Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. However, we recommend that the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-08 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.

IV-G-08 - Revenue Bonds - No violations of revenue bond resolutions were noted.

IV-H-08 - Cash and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Members of the City Council
City of Webster City, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component units and the aggregate remaining fund information of the CITY OF WEBSTER CITY, IOWA as of and for the year ended June 30, 2008, which collectively comprise the City of Webster City, Iowa's basic financial statements and have issued our report thereon dated February 6, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting:

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency and a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-08 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that

might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, the significant deficiency described above, item II-A-08, we believe to be a material weakness.

Compliance:

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the City Council, management and federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than those specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City during the course of our audit.

If you have any questions concerning the above matters, we would be pleased to discuss them with you at your convenience.


Certified Public Accountants

Le Mars, Iowa
February 6, 2009

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Mayor and Members of the
City Council
Webster City, Iowa

Compliance

We have audited the compliance of the City of Webster City, Iowa (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2008. The City's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion of the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. The significant deficiency noted above and on the schedule of findings and questioned costs is considered a material weakness.

The City's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City's responses and accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the City Council, management and federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Williams & Company P.C.
Certified Public Accountants

Le Mars, Iowa
February 6, 2009